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SUMMARY RECORD OF THE 29th MEETING

Chairman:	Mr. TEIRLINCK	(Belgium)
later:	Ms. PEÑA (Vice-Chairperson)	(Mexico)
later:	Mr. TEIRLINCK (Chairman)	(Belgium)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 3.20 p.m.

AGENDA ITEM 132: ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS (continued) (A/48/421 and Add.1, 622, 912 and 945 and Corr.1); A/49/557, 664 and 717)

(a) FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS (continued)

(b) RELOCATION OF BELARUS AND UKRAINE TO THE GROUP OF MEMBER STATES SET OUT IN PARAGRAPH 3 (C) OF GENERAL ASSEMBLY RESOLUTION 43/232 (continued)

1. Mr. PIBULSONGGRAM (Thailand) said that the Organization had overstretched itself in its peace-keeping activities, and that the resulting gap between expectations and achievements was undermining its credibility. The difficulty in financing peace-keeping operations was a direct result of the recent dramatic growth in their number and scope, which also hampered proper oversight by the General Assembly and prompt and effective response by Member States. The Advisory Committee on Administrative and Budgetary Questions (ACABQ) had rightly observed in its report (A/49/664, para. 6) that the development of a rational system for the budgeting, financing and administration of peace-keeping operations was absolutely crucial, not only to their sound management but to management throughout the United Nations. Several of the proposals in that regard made by the Secretary-General in his reports (A/48/945 and Corr.1 and A/49/557) were promising.

2. Thailand agreed that a methodical approach to mission planning was necessary, and therefore welcomed the Secretary-General's work on a survey mission handbook and a standardized framework for cost estimates.

3. As to financial authority, however, it believed with ACABQ that the proposed five-fold increase of the Secretary-General's commitment authority, to $50 million, was far in excess of what was actually required. Moreover, there was no guarantee that assessing Member States for one third of the estimates for start-up costs, would help solve the present difficulties.

4. The fact that the budget cycles of the 15 ongoing peace-keeping operations financed from special accounts covered different periods of time had resulted in the appearance of budgets throughout the year, causing the delay in payment of assessed contributions by Member States. His delegation therefore supported the idea of annual budgets, as proposed by the Secretary-General (A/48/945, paras. 17-22), although technical difficulties could still arise due to national requirements for separate authorizations for each assessment.

5. Thailand was very concerned about the failure to fully fund the Peace-keeping Reserve Fund or to use the Fund for the purpose for which it had been established. While the Secretary-General's proposal to raise the level of the Fund to $800 million was a good one (A/48/945, para. 41), it was perhaps unrealistic since that would require additional assessment on Member States.

6. On procurement, he concurred with ACABQ that the Secretary-General's proposal to increase the limits established for the local committees on contracts in the field missions and to expand authorized local procurement areas to more surrounding countries with versatile and competitive markets (A/48/945, para. 81) should be put into effect in keeping with the related recommendations of the Board of Auditors (A/49/5).

7. As a troop-contributing country, Thailand was well aware of the shortcomings of current procedures for reimbursement for contingent-owned equipment, and agreed with the Secretary-General that the process should be simplified by developing standard tables of depreciation rates (A/48/945, para. 83).

8. The Secretary-General's proposals, while helpful, did not, however, address the heart of the matter: the failure by a number of Member States to pay their assessments in full and on time; a way must be found to encourage them to do so. It was perhaps also time for a serious discussion of what the Organization's peace-keeping role should be. Thailand believed it would be more cost-effective in the long run to concentrate on developing preventive diplomacy and peacemaking, in accordance with Chapter VI of the Charter.

9. Mr. RAMIREZ (Mexico) said that the General Assembly must ensure that all United Nations activities, including those dealing with economic and social development, received a fair share of attention and funding. With regard to peace-keeping operations in particular, Member States had a collective responsibility for their financing, although it was one they shared in different degrees; and any financing decisions taken by the Committee must be compatible with measures adopted by the Security Council.

10. Mexico generally agreed with the views and recommendations of the Advisory Committee in its report A/49/664, but felt that the Secretary-General's proposals on financial authority, in his reports A/48/945 and A/49/557, needed careful scrutiny. It could support neither the proposed 500 per cent increase in the Secretary-General's commitment authority, nor the proposal to assess Member States for one third of the estimated cost of peace-keeping operations.

11. Mexico supported the Secretary-General's recommendation (A/48/945, para. 18) that the budgets of ongoing peace-keeping operations should be approved annually by the General Assembly, with assessment of Member States subject to the renewal of the mandate of each operation by the Security Council; the budgets for peace-keeping operations with more uncertain requirements could in each case be approved semi-annually.

12. Raising the level of the Peace-keeping Reserve Fund (A/48/945, para. 41) would not alleviate the Organization's cash flow problem: the solution was for all States to pay their assessed contributions in full and on time. With regard to peace-keeping personnel, the principles of equitable geographical representation and of equal pay and benefits must apply.

13. The proper functioning of oversight machinery was crucial to building confidence in the United Nations. Accordingly, procurement policies and

procedures, in the case of contractual services as well, must be improved and made more transparent.

14. Mr. ELZIMAITY (Egypt), associating his delegation with the statement of Algeria on behalf of the Group of 77 and China, observed that the failure of a number of Member States to pay their assessments in full and on time was the root cause of the financing problem.

15. If a healthy relationship was to be established between Member States and the Secretariat, the Field Operations Division should report regularly and fully on all issues of concern; Member States were still not adequately informed about its operations. It was time for a comprehensive inspection of its activities by the Office of Internal Oversight Services.

16. Egypt shared the concern expressed by the Advisory Committee that at any given time some peace-keeping operations were operating without legal financial authority because of delays in the preparation of the cost estimates (A/49/664, para. 27), and agreed that the administrative burden of financial record-keeping and reporting must be alleviated.

17. It also endorsed the ACABQ recommendation (in para. 72 of its report) that the use of international contractual personnel should not be extended beyond the United Nations Protection Force (UNPROFOR) and that further recruitment of such personnel should be suspended pending a thorough investigation by the Office of Internal Oversight Services. Egypt was concerned over the irregular recruitment procedure and contractual arrangements for international contractual personnel; their use could lead to the creation of a parallel system of recruitment outside established United Nations rules and regulations, and one which was not subject to geographical representation or the principle of equal pay for equal work. A detailed report must be submitted on all aspects of their recruitment, and their degree of responsibility and accountability.

18. Member States must be treated equally in the determination of death and disability benefits for peace-keepers. Also, there must be full participation of Member States from the various geographical regions in all phases of the proposed plan to standardize the system for reimbursement for contingent-owned equipment. New arrangements should not be implemented retroactively, and troop-contributing countries should continue to be reimbursed in the meantime.

19. Ms. ARAGON (Philippines), endorsing the statement of Algeria on behalf of the Group of 77 and China, said that while the Philippines remained committed to the maintenance of peace and stability in the world and would continue to participate in peace-keeping operations, it hoped that the same level of resources could be accorded to the economic, social and development sectors.

20. The Philippines shared the concerns of other delegations with regard to numerous cases of irregularity and mismanagement in peace-keeping operations. Funds for peace-keeping must be used cost-effectively, with the highest degree of accountability and transparency, particularly in view of the Secretary-General's proposal to decentralize some aspects of administrative and financial authority. Her delegation therefore welcomed his efforts to strengthen internal

audit functions in peace-keeping operations, but shared the concerns expressed by the Advisory Committee (para. 56 of its report) regarding the use of resident auditors and believed that the Board of Auditors should continue its coverage of peace-keeping operations and report separately on large operations like UNPROFOR.

21. While noting that the Organization's capacity to plan and manage peace-keeping operations would need to be enhanced, she said that clear delineation should be maintained between peace-keeping operations and humanitarian assistance efforts and other operational activities. The Secretary-General's proposal regarding a fivefold increase in the level of commitment authority required careful consideration. Moreover, her delegation would have difficulty in accepting the proposal that Member States should be assessed one third of the preliminary budget estimates.

22. While there might be a need to modify the format of budget documents, she stressed the need to maintain the quality and transparency of the information provided. Early submission of performance reports was clearly desirable in that regard. She supported the Advisory Committee's recommendation that the Secretariat should furnish Member States with updated information on existing budgetary surpluses of various peace-keeping operations.

23. Mr. HENZE (Germany), speaking on behalf of the European Union and Austria, said that development of a rational system for the budgeting, financing and administration of peace-keeping operations was absolutely crucial. The current cash-flow problems caused by late payment of contributions not only placed an unfair burden on troop-contributing countries, particularly those which, like the member States of the European Union and Austria, had a record of prompt and full payment, but was also affecting the readiness of States to provide troops; without troops or money, there could be no peace-keeping operation.

24. The European Union and Austria felt strongly that, in principle, the commitment authority of the Secretary-General should be accompanied by assessment of Member States - the latter should, of course, pay their contributions promptly and in full.

25. Given the scope of current operations, the existing regulations were not adequate to meet the requirements of start-up financing. As long as the Peace-keeping Reserve Fund had not been fully funded, it would be futile to discuss an increase in its level. In the absence of adequately funded reserves, the fundamental requirement was to provide an increased but flexible level both of commitment authority and assessment, while ensuring an acceptable degree of budgetary review.

26. As a first step, the European Union and Austria were willing to increase the commitment authority granted to the Secretary-General, as proposed in document A/49/557, so as to enable him to enter into the necessary obligations during the period when a full budget was being prepared. That period should be kept as short as possible.

27. The next important element of the reform process was the budget cycle. The European Union and Austria agreed with the idea that a separate budget for each peace-keeping operation should be maintained, and welcomed the idea that the budgetary process should cease to be linked to the mandate period set by the Security Council; however, there could be no assessment without a Security Council mandate. They endorsed the proposals made by the Secretary-General and favourably commented upon by ACABQ.

28. The European Union and Austria agreed with the ACABQ proposal that the budget year for peace-keeping operations be changed to the period 1 July-30 June, and endorsed the Secretary-General's proposals on the improvement of the budget format as summarized in the ACABQ report (A/49/664).

29. If those reforms were to be implemented successfully, considerable effort would be required, and working practices would have to be improved and streamlined. Decisions on a budget required timely and adequate performance reporting; financial performance data should be made available to Member States when they were considering budget proposals. The Secretary-General's proposals on the development of a standard cost manual, based on past performance data, should help to speed up and rationalize the budget process. The European Union and Austria welcomed the development of standardized rates for reimbursement of contingent-owned equipment.

30. One of the major issues in management was that of procurement. The principle of international competitive bidding of contracts should be strictly adhered to in practice, and the United Nations procurement system should be further developed so as to ensure impartiality, transparency, openness and an emphasis on competition and cost-effectiveness.

31. Concerning death and disability benefits, the European Union and Austria agreed with ACABQ that actual compensation to the beneficiary should not be lower than reimbursement by the United Nations, and regretted that reimbursements to date had been very slow.

32. Regarding the deployment of international contractual personnel in UNPROFOR, the European Union and Austria could not endorse the Advisory Committee's recommendation (A/49/664, para. 72), that further recruitment of international contractual personnel should be suspended; a suspension could have adverse effects on the operation, and make it more difficult to ensure that a maximum of troops performed core peace-keeping tasks. More attention should be given to appointments of limited duration as a means of fulfilling urgent field requirements.

33. Mr. FULCI (Italy) said his delegation fully endorsed the statement made by the representative of Germany on behalf of the European Union.

34. He informed the Committee that, following a survey of several countries, it had been decided that the military air base at Brindisi, Italy, would be particularly suitable as a storage and repair facility for use by the United Nations in the support of peace-keeping, humanitarian and related operations. A Memorandum of Understanding had been signed recently in Rome, whereby the

Italian Government would make the air base available to the Organization at no cost, and would give the Organization and its personnel very broad fiscal exemptions.

35. Mr. ALOM (Bangladesh) said that Bangladesh strongly supported the Organization's expanded role in the maintenance of peace and security, and was currently the fourth largest contributor to United Nations peace-keeping operations.

36. His delegation took note of the Secretary-General's proposals for the development of a rational system for the budgeting, financing and administration of peace-keeping operations, and generally endorsed the recommendations of the Advisory Committee.

37. Given the increasingly complex management needs of peace-keeping operations, a systematically structured approach to planning should be adopted. The Advisory Committee's suggestions on how to secure competent personnel from a wide variety of sources both within and outside the United Nations system also deserved consideration.

38. While recognizing that peace-keeping and humanitarian assistance programmes must be closely coordinated, he stressed the need to maintain the separate identity of each. Moreover, resources for peace-keeping and for humanitarian assistance should not be at the expense of development activities.

39. His delegation agreed that the financing of peace-keeping operations was the collective responsibility of all Member States, and expressed serious concern over the continued delays in the payment of assessments by some States. Such delays had a particularly adverse impact on troop-contributing countries, which had to wait to be reimbursed. In the view of his delegation the least developed countries should be exempt from having to pay additional contributions.

40. While recognizing the cash-flow difficulties faced by the Organization, he said that increasing the level of the Reserve Fund to $800 million, was unlikely to help ease the financial crisis. Matters would improve only when all States paid their outstanding assessments. In future, it might be useful to suggest that all Member States pay their contributions in full within 30 days of assessment and that individual Member States consider establishing their own reserves for peace-keeping assessments. His delegation concurred with the views expressed by ACABQ on such issues as the present limit of commitment authority, introduction of an extended budget cycle, and half-yearly review of budget estimates. It also felt that there was a need to maintain a revolving reserve of equipment for peace-keeping operations.

41. Ms. PEÑA (Mexico), Vice-Chairman, took the Chair.

42. Mr. YOO (Republic of Korea) said that the Secretary-General's proposal that Member States be assessed for one third of preliminary estimates provided to the Security Council deserved consideration but that its legal implications should be examined. His delegation endorsed the ACABQ recommendation regarding the

adoption of a 12-month financial period for peace-keeping operations (while noting that assessments should be made on Member States only for the mandate period), as well as the recommendation that the budget period should be from 1 July to 30 June.

43. Simply raising the level of the Peace-keeping Reserve Fund without addressing the problem of non-payment of assessments by Member States would not solve the cash-flow shortage problem; a more rational approach would be to replenish the existing Fund with the originally targeted amount of $150 million.

44. His delegation supported the Secretary-General's efforts to strengthen the internal auditing of peace-keeping operations, as well as the concept of a start-up team. However, it called for further examination of the procedures governing the international contractual personnel system because of the ambiguity and lack of clear guidelines in the current arrangement.

45. The issue of death and disability benefits was of great importance, and his delegation was interested in ACABQ's suggestion for a standard scale of reimbursement. It also supported the introduction of equipment and reimbursement rate standards for contingent-owned equipment.

46. Mr. IHEME (Nigeria) said that although his delegation would have no difficulty in accepting an increase in the commitment authority for peace-keeping operations, it had reservations concerning assessment of Member States at one third or any other fraction of the preliminary estimates, as that appeared to encroach upon the authority of the General Assembly. Along the same lines, it called for further discussion of the issue of consolidating the budgeting process.

47. Merely legislating an increase in the Reserve Fund would not solve the Organization's financial problem; the only solution was for Member States to discharge their financial obligations promptly and in full.

48. The Secretary-General should be granted the requisite leeway to carry out sound planning for the personnel as well as the logistics of peace-keeping operations. However, since no two operations were identical, international contractual personnel who had served in one operation should not automatically be considered for other operations. Given the limited geographical representation in that category of personnel, he called for a prompt investigation by the Office of Internal Oversight Services into current recruitment.

49. Compensation for death and disability benefits for peace-keeping personnel should apply equally to all participants regardless of the level to be agreed on, and whatever system of reimbursement was agreed to for contingent-owned equipment must facilitate prompt and fair reimbursement. Lastly, the Nigerian delegation again called upon all Member States to commit themselves to paying their assessed contributions for peace-keeping operations on time.

50. Mr. ADNAN (Malaysia) agreed with the Advisory Committee that the increase in United Nations peace-keeping operations had affected the Secretariat's capacity to manage and the General Assembly's capacity to oversee the work of the United Nations; that was especially critical in the light of the Organization's current financial crisis. Most of the proposals and problems relating to the financing of peace-keeping operations could be adequately addressed if Member States paid their assessed contributions to the United Nations in full, on time and without conditions.

51. His delegation agreed that increasing the level of the Peace-keeping Reserve Fund from $150 million to $800 million would merely add to the burden of those States which had regularly met their financial obligations to the Organization.

52. While recognizing the importance of speedy implementation of Security Council decisions for the start-up of new peace-keeping missions or the expansion of existing ones, his delegation considered that the proposed increase in the commitment authority which the Advisory Committee was authorized to grant to the Secretary-General was excessive. It was, however, prepared to consider the Advisory Committee's proposals regarding the setting of an upper limit each year on the commitment authority.

53. In view of the complications arising from the different budget cycles of peace-keeping operations, in terms of the burden placed on the General Assembly, the Fifth Committee, the Advisory Committee and the Secretariat and the payment by Member States of unexpected assessments, the proposal to introduce an extended budget cycle merited consideration. Member States would be in a position to report to their capitals the projected assessment for each operation for the 12-month period and would have ample lead time to effect payment. Death and disability benefits due to troop-contributing States should be based on the principle of equal compensation regardless of nationality, with the adoption of a formula that would preclude any difference in actual payments to beneficiaries. A flexible and non-discriminatory solution might be the payment of a fixed amount, which could be "topped up" by Governments wishing to do so.

54. His delegation welcomed the Advisory Committee's recommendations that the UNPROFOR pilot project for the recruitment of international contractual personnel should be suspended pending an independent investigation. Recruitment with due regard for the principle of equitable geographical representation, which had regrettably not been the case, would have resulted in cost-effectiveness and in savings to the Organization. Investigations should also be undertaken to ascertain the extent of international contractual personnel gaining "back-door" entry to the United Nations. He looked forward to the Secretariat's proposals for a fair and reasonable solution regarding reimbursement for contingent-owned equipment. He commended the Secretary-General's intentions in introducing mission start-up kits to allow new missions to become operational as quickly as possible, but concurred with the Advisory Committee's recommendation that a detailed report on the issue should be submitted.

55. Mr. BAIRAGI (Nepal) said that his delegation supported a systematic and methodical approach to mission planning. It called for the development of a more comprehensive planning process for peace-keeping missions, which would include the use of survey missions, clear-cut description and delegation of financial and administrative authority, and better coordination among different United Nations agencies. The establishment of a mission planning service in the Department of Peace-keeping Operations would improve the planning process and facilitate the exchange of information among troop-contributing countries.

56. There was also a need for increased coordination between peace-keeping and humanitarian assistance activities, and a clear distinction between their respective functions. His delegation supported the idea of annual budgets for peace-keeping, and welcomed efforts to improve the budget format and planning process.

57. His delegation stressed the importance of prompt and full payment by Member States of assessed contributions for peace-keeping operations, as well as the need to control expenses and ensure rational utilization of resources. It also called for an investigation by the Office of Internal Oversight Services into the recruitment of international contractual personnel. The Secretariat needed to follow standardized and transparent recruitment criteria and to ensure the broadest possible geographical representation.

58. Lastly, Nepal was concerned at the lack of specific recommendations concerning death and disability benefits, and called for a review of the present system of payment and application of a uniform standard of compensation for peace-keepers.

59. Mr. JU Kuilin (China) said that economy should be the guiding principle when planning peace-keeping operations, and that such operations should be preceded by surveys. While on-the-spot or pre-start-up surveys would contribute to mission planning, the primary emphasis should continue to be on full use of existing mechanisms, such as survey missions and technical teams. In that regard, the early compilation of a survey mission handbook would assist the planning process.

60. In view of the growing complexity of peace-keeping operations, current budgeting procedures were wholly inadequate. Adjustment of the budget cycle was acceptable so long as a differentiated approach was ensured.

61. Current cash-flow difficulties were due to the failure of Member States to pay their assessed contributions in full and on time. Raising the level of the Reserve Fund would not solve the problem; it would merely increase the burden on those Member States that had paid their assessed contributions, and was therefore unacceptable. Moreover, assessing Member States one third of the total estimates presented in the financial implications provided to the Security Council would not necessarily alleviate the financial difficulties.

62. He expressed the hope that the Secretary-General would submit to the General Assembly a report clarifying all aspects of procurement procedures; in

turn, the General Assembly should systematically review current procurement practices and draw up a comprehensive set of guidelines on the matter.

63. Death and disability benefits for peace-keeping personnel should also be based on the principle of equity and fairness.

64. Sound financial management of the property and assets of peace-keeping operations required full recording and registering of all transactions involving such property and the adoption of reasonable depreciation rate and compensation standards. One way of effecting economies was to make greater use of government-seconded personnel, volunteers and voluntarily-contributed equipment.

65. Mr. SOOMRO (Pakistan) said that unless the vital issue of late payment of assessed contributions by Member States was effectively addressed, attempts to improve the administrative aspects of peace-keeping operations would have little effect. Raising the level of those contributions would merely increase the burden on countries which contributed regularly to the United Nations and the peace-keeping budget. All Member States, particularly those with greater resources, must be urged to fulfil their financial obligations promptly, failing which troop-contributing countries might be reluctant to provide human resources for future operations.

66. The Advisory Committee had rightly pointed out that one of the most important United Nations policy principles was that of equal treatment of all States. Clear guidelines should therefore be drawn up to establish uniform privileges, benefits and monetary compensation for the services rendered by all peace-keeping personnel; that applied in particular to death and disability benefits for personnel serving under identical conditions in foreign lands. Compensation should be based not on national practices and legislation but on the principle of equitable treatment through equal and maximum benefits. Equal treatment was not merely a moral obligation, but would also ensure that military contingents continued to act as a unified force. The possibility of introducing a "hazard allowance" for contingents exposed to difficult and dangerous conditions in the field might also be considered.

67. Mr. KUZNETSOV (Russian Federation) said that his statement would focus on proposals of special interest contained in the reports of the Secretary-General and comments thereon by the Advisory Committee; other matters would be addressed during the informal consultations. Careful planning was one of the most important guarantees of the successful organization and execution of a mission. Sending survey missions was therefore a sound approach. Effective planning would directly assist in producing more precise budget estimates, determining real staffing requirements, developing a more rational logistics and procurement structure and establishing closer interaction with other United Nations organizations. The Advisory Committee's observations in paragraph 10 of its report (A/49/664) were well founded. His delegation agreed with the idea of constituting a reserve stock of mission start-up kits but considered that no decision should be taken until the financial and administrative implications had been considered; the information should be provided in the form of feasibility, cost-effectiveness and efficiency studies. Vigorous efforts should be made to conclude host country agreements before a mission was deployed. The idea of

concluding "good-neighbour" agreements with countries neighbouring a mission area was commendable, as was the proposal to establish start-up team rosters, on the understanding that the personnel on the rosters would be staff members and that there would be no new post requirements for that purpose.

68. Regarding financial arrangements for mission deployment, he had no serious objections to the Secretary-General's proposal that Member States be assessed for one third of the preliminary estimates, after the approval or extension of a mandate by the Security Council, to meet start-up costs, but was of the view that it would not solve the problem of immediate cash availability, as the money would not be available until 30 to 60 days after the Security Council's decision. His delegation fully agreed with the Advisory Committee's comments on the proposals to increase the level of the Peace-keeping Reserve Fund to $800 million and the limit of the commitment authority granted to the Advisory Committee to $50 million. A decision to increase the amount of the Reserve Fund would hardly solve the problem of cash inflow to the Fund. The immediate task should be to ensure compliance with General Assembly resolution 47/217.

69. His delegation concurred with the Advisory Committee's conclusions and recommendations concerning the recruitment of personnel for peace-keeping operations. The practice of secondment should be developed more actively. As had been seen, international contractual personnel fulfilled not only technical but senior management functions, which raised questions about the psychological atmosphere in the mission and who actually directed its work. His delegation was also concerned about the use of that recruitment procedure as a means of providing a "back-door" entry into the United Nations, and about the absence of clear-cut criteria, rules and principles for such recruitment. It therefore supported the recommendation in paragraph 72 of the Advisory Committee's report (A/49/664) that such recruitment be suspended, pending a thorough and independent review by the Office of Internal Oversight Services.

70. He drew attention to the lack of detailed information on the methodology for the determination of mission subsistence allowance rates, and shared the Advisory Committee's view on the need to consider the gradual reduction of some elements of remuneration as the length of service progressed. He looked forward to the contribution of the International Civil Service Commission (ICSC) to a thorough examination of all factors involved in staff remuneration and actual expenses. With regard to death and disability benefits for military personnel, he saw no point in changing the existing practice of reimbursing Governments' expenses in accordance with national legislation.

71. His delegation fully shared the Secretary-General's view that the current procedures for reimbursement for contingent-owned equipment were cumbersome, time-consuming and expensive, and supported the proposals to change the procedures and set comprehensive standards for each category of equipment. Military experts might usefully be invited to participate in the process of developing new procedures. Other alternatives, such as a system of rental fees for different categories of equipment, including delivery to and from the designated area, maintenance, spare parts, insurance, etc., should not be excluded, as they would induce Member States to provide only new or reliable

equipment. Proposals for a new system of reimbursement should be submitted to the General Assembly for approval.

72. On the subject of the budget cycle and financial period for peace-keeping operations, his delegation was prepared to consider in a favourable light the introduction of a 12-month financial period with the approval of the budget once a year and assessments to Member States only after, and subject to, the renewal of the mandate by the Security Council in respect of certain operations in which budgetary and operational requirements were not subject to sharp fluctuations. With regard to other operations, it had no major objections to introducing on an individual basis a 12-month financial period subject to a review of their budgets twice a year and with assessment only after, and subject to, the renewal of the mandate by the Security Council. His delegation supported the new budget period and cycle proposed by the Advisory Committee, from 1 July to 30 June, but would welcome precise information about how the change would be effected.

73. Mr. Teirlinck (Belgium) resumed the Chair.

74. Mr. RIVA (Argentina) agreed with the Advisory Committee that it was essential to develop a rational system for the budgeting, financing and administration of peace-keeping operations. The action envisaged and that already taken by the Secretariat with regard to mission planning was entirely appropriate. In that connection, the early completion of the survey mission handbook would help to build confidence in the financial and logistical planning of missions.

75. His delegation was alarmed by the virtual lack of cash in the Peace-keeping Reserve Fund. If the Peace-keeping Reserve Fund could not fulfil the objectives for which it was established, alternative mechanisms must be proposed in order to ensure that the necessary resources, including resources to cover the start-up costs of new or expanded operations, were available. In that connection, the proposal by the Secretary-General to assess Member States for one third of the total estimates presented in the financial implications provided to the Security Council was interesting. However, the "preliminary estimate" on which the assessment was based should take into account the elements enumerated in the survey mission handbook. His delegation was also prepared to consider the suggestions formulated by the Advisory Committee in paragraph 25 (a), (b) and (c) of its report. It believed, however, that commitment authorities should be accompanied by corresponding assessments. Clearly, none of the proposals would be effective unless Member States met their financial obligations for peace-keeping operations on time and in full.

76. His delegation supported the idea that annual budgets should be drawn up for each peace-keeping operation; that would not only help to reduce the workload in preparing documentation but would also enable Member States to schedule payment of their contributions more effectively. That, in turn, would improve the cash flow of the United Nations. His delegation also supported the Advisory Committee's recommendation that the budget period for peace-keeping operations should be from 1 July to 30 June, with effect from 1 July 1996 (A/49/664, paras. 33 and 34), and agreed that the budgets of operations subject

to fluctuation should be reviewed twice a year. In all cases, assessment should be subject to renewal of the mandate by the Security Council.

77. His delegation welcomed the efforts of the Secretary-General to strengthen internal audit functions in peace-keeping operations. While it was true that savings could be realized by extending the duration of duty of military contingents, his delegation supported a six-month rotation system. Where it was necessary for military personnel to remain for longer periods of time, the express consent of the troop-contributing States should be obtained. His delegation would comment further on the matter when the findings of the Secretariat study were released.

78. The problems relating to death and disability benefits could be resolved through a constructive and in-depth exchange of views, taking into account the principle of equal treatment of Member States. In conclusion, his Government intended to participate actively in formulating recommendations on general standards for each category of contingent-owned equipment. That initiative should be aimed at establishing a transparent and efficient mechanism for both Governments and the United Nations.

79. Ms. ALMAO (New Zealand), speaking also on behalf of Australia and Canada, said that the three delegations welcomed the constructive proposals put forward by both the Secretary-General and the Advisory Committee. Australia, Canada and New Zealand were represented in 10 of the 16 current peace-keeping operations; they contributed around 5 per cent of the total military personnel and almost 5 per cent of the budget for those operations. Concerning financial authority, the three delegations wished to reiterate their support for the proposal by the Secretary-General to assess up to one third of the estimated cost of operations in order to cover start up and expansion costs. They also supported the proposal to increase the commitment authority which the Advisory Committee was authorized to grant, provided that caution was exercised and that an effort was made to achieve cost-effectiveness. The alternative procedures proposed by the Advisory Committee did not fully address the fundamental problem of providing ready funding for they would merely perpetuate the problems of delayed case flow. It was essential that commitment authority be accompanied by assessments. The three delegations were willing to work with other delegations in an effort to remove the current structural impediments to financing start-up and expansion costs.

80. Australia, Canada and New Zealand fully supported the proposal by the Secretary-General to dissociate peace-keeping budgets from mandate periods and to annualize estimates on a July/June basis. Those measures, which would facilitate cash flow forecasting, should be implemented at the earliest possible date. The three delegations did not agree with the Advisory Committee that 1995 should be a transitional year, but rather believed that the new cycle should be introduced from 1 July 1995, at least in respect of those operations not subject to budgetary fluctuations and those operations for which budgets had not yet been considered, such as the advance teams of the expanded United Nations Mission in Haiti (UNMIH).

81. A unified annual peace-keeping budget, including both projections for the cost of ongoing missions and a margin for new and unexpected missions, would be consistent with the role of peace-keeping as a basic function and collective responsibility of the United Nations. The technical requirement for separate special accounts should not impede its development. In that connection, the Secretariat might wish to follow the procedure employed in Australia, Canada and New Zealand, where peace-keeping obligations were covered by a consolidated national appropriation and a breakdown of costs of individual operations was maintained on an information database. Aware that certain delegations were reluctant to introduce a unified budget, Australia, Canada and New Zealand proposed examining the development of a consolidated budget document for long-standing, stable operations. A summary document enumerating all budgets for peace-keeping operations with a breakdown by major budget line item, together with the annualized budget estimates when the new budget cycle was introduced, would provide a useful basis for comparing costs.

82. Australia, Canada, and New Zealand fully concurred with the proposal by the Secretary-General for a new, more user-friendly budget format based on standardized costs and cost modules and ratios containing a uniform set of annexes. Since the examination of performance reports was an integral part of the budget review process, those reports should be submitted at the same time as the budget estimates. The three delegations agreed with the Advisory Committee that performance reports should be based on actual expenditure. They also supported the Advisory Committee's proposal to supplement the performance report for the previous budget period with up-to-date information on expenditure for the current budget period (A/49/664, para. 38).

83. They could not support the Secretary-General's proposal that the Peace-keeping Reserve Fund be increased to $800 million. Such an increase would not be necessary if all States met their obligations on time and in full. They agreed, however, that Member States in good standing should be entitled to benefit immediately from their share of real budgetary surpluses. The remaining surplus could be held in a suspense account for Member States in arrears pending payment of their contributions. The three delegations would welcome additional information from the Secretariat concerning the status of existing surpluses.

84. Australia, Canada and New Zealand had no objection to the continued deployment of contractual personnel in UNPROFOR, as they had been of great assistance in the pilot programme. The three delegations also agreed that the criteria and procedures involved, including the competitive bidding process, should be clarified; they therefore supported the Advisory Committee's proposal for an evaluation. They did not, however, support its proposal to suspend the pilot programme. Recruitment of international contractual personnel should be based on the principles set forth in Article 101 of the Charter of the United Nations.

85. Noting that death and disability claims had increased with the recent proliferation of peace-keeping operations, the three delegations agreed with the Secretary-General that the policy of reimbursement should be governed by the principle of equitable compensation and that reimbursement by the United Nations should not exceed the actual compensation paid to beneficiaries. Consideration

should be given to adopting a uniform practice for military observers, civilian police and members of formed units. The three delegations would appreciate additional details from the Secretariat on the various options, including insurance. They were prepared to cooperate with other delegations in order to complete work on the issue before the end of the Assembly.

86. While they appreciated the reasons for the mission start-up kits which the Secretary-General had requested for five small missions, Australia, Canada and New Zealand shared some of the reservations expressed by the Advisory Committee. A detailed report, including a cost-benefit and risk analysis, was necessary before a final decision could be taken. Australia, Canada and New Zealand would be receptive to the proposal if adequate tendering, contracting, inventory and management controls were established.

87. She expressed support in principle for the proposal of the Secretary-General to reimburse contingent-owned equipment and encourage bilateral provision of equipment. The goal should be a simplified and streamlined system which ensured expeditious reimbursement. Australia, Canada and New Zealand would comment on a number of other issues during informal consultations, including field-specific training of administrative staff prior to their deployment and the absence of clear and transparent liability arrangements for military staff provided to the Department of Peace-keeping Operations on non-reimbursable loan or secondment.

88. While the report of the Secretary-General contained many constructive proposals, Australia, Canada and New Zealand were somewhat disappointed that it emphasized the provision of adequate resources or inputs over the monitoring and management of such resources and their contribution to the missions' outputs. Moreover, auditing was no substitute for high-quality management. The report did not properly address the timely allocation of resources to operational priorities, the setting and monitoring of priorities and the establishment of flexible, adaptable support arrangements and organizational structure. Indeed, the report was actually the first part of what should have been a two-part exercise that also included a broader section on management, including priority-setting, decision-making, evaluation of results and cost-benefit analysis. Presumably, the system of accountability to be introduced on 1 January 1995 would apply equally to peace-keeping operations.

89. Mr. BLUKIS (Latvia), speaking also on behalf of Lithuania, said that the proposals by the Secretary-General contained in documents A/49/945 and A/49/557, had two major goals. The first goal was to improve the budget approval and apportionment procedures of the General Assembly with a view to minimizing cash-flow problems and periods where legislative authority for peace-keeping operations was lacking. Lithuania and Latvia looked forward to informal consultations on the delegation of the commitment and appropriation authority of the General Assembly to the Advisory Committee in order to deal with those problems.

90. The second goal was to improve management by the Secretariat of various aspects of peace-keeping operations that did not depend directly on budget approval and apportionment by the General Assembly. Referring to Article 17,

paragraphs 1 and 2 of the Charter of the United Nations, he said that the two delegations welcomed the Secretariat's proposals for the speedy preparation of improved budget estimates and the Advisory Committee's constructive comments on those proposals. They also welcomed the Secretariat's proposals, as amended by the Advisory Committee, for budget and performance report cycles that were not linked to the mandate periods.

91. The two delegations supported the Advisory Committee's view that an increase in the level of the Peace-keeping Reserve Fund would not alleviate cash-flow problems. Long-lasting solutions must take into account a whole set of interrelated problems, such as the equilibrium between preventive development and diplomacy on the one hand and peace-keeping, peacemaking and peace-building on the other, the cost, efficiency and effectiveness of peace-keeping operations, and the principle of sovereign equality and equal rights and obligations of all Member States. In particular, methodology which assessed certain Member States in excess of their capacity to pay was not equitable, as shown in the report on the status of contributions.

92. Mr. HUDYMA (Ukraine), said that although the United Nations currently spent three times more on financing peace-keeping operations than on activities under the regular budget, its ability to manage peace-keeping as a whole was far from what might be desired. Improvement of the budgeting, planning and implementation of peace-keeping operations could no longer be deferred, and in that regard his delegation supported, in principle, the relevant proposals of the Secretary-General and the recommendations made by the Advisory Committee.

93. As noted in paragraph 15 of the Advisory Committee's report (A/49/664), the Organization continued to be beset by a lack of adequate cash financing against approved appropriations, due to the failure by a number of Member States to pay their assessments in full and on time. His delegation was convinced that the problem could only be resolved by ensuring just and adequate apportionment of costs between all Member States.

94. Ukraine firmly supported the peacemaking efforts of the international community, both politically and practically. Unfortunately, as a result of the excessive rate of assessment to the regular budget, which had been unlawfully increased by 58 per cent two years previously, and Ukraine's continuing location in a group of economically more developed countries for the apportionment of peace-keeping expenses, Ukraine still had a high debt to the peace-keeping missions' budgets. Accordingly, the Permanent Missions of Belarus and Ukraine had proposed the inclusion of a supplementary sub-item in the agenda of the forty-eighth session of the General Assembly concerning the relocation of their countries to the group of Member States set out in paragraph 3 (c) of General Assembly resolution 43/232. Unfortunately, the Open-ended Working Group on the placement of Member States into groups for the apportionment of peace-keeping expenses had been unable to reach a decision on the issue at the forty-eighth session of the General Assembly, due to the inflexible interpretation of the group's mandate by a number of delegations, which had led them to take the view that the individual cases of Belarus and Ukraine, as well as those of the Czech and Slovak Republics should be a part of the overall comprehensive solution to avert anomalies in the distribution of peace-keeping expenses.

95. His delegation looked forward to a decision on that issue and hoped that the development of objective standard criteria for the apportionment of the costs of peace-keeping operations would place the financing of peace-keeping operations as a whole on a sound footing.

96. Mrs. RODRIGUEZ ABASCAL (Cuba), after expressing support for the statement by the delegation of Algeria, on behalf of the Group of 77 and China, said that her delegation was concerned at the emerging tendency to consider the provision of electoral support and human rights monitoring as integral parts of peace-keeping operations. Moreover, judging from the introduction to the report of the Secretary-General (A/48/945), it would seem that attempts were being made to redefine the very concept of peace-keeping operations.

97. Her delegation had studied in detail the reports before the Committee and it generally supported the recommendations in the report of the Advisory Committee (A/49/664), particularly those in paragraphs 7 to 13.

98. It would appreciate additional information on what use would be made of the United Nations presence in the field (para. 10 (a)). She pointed out that the field offices should not depart from their mandate, which was to deal with operational activities for development.

99. Her delegation shared the Advisory Committee's view that increasing the level of the Peace-keeping Reserve Fund would not necessary alleviate the Organization's cash flow problems, and its concern regarding the Secretary-General's proposal that Member States be assessed for one third of the total estimates. Her delegation also agreed with the Advisory Committee's recommendations regarding financial authority (para. 25).

100. It had taken note of his proposal regarding treatment of budgetary surpluses, which seemed to favour the positions of certain Member States and to disregard the observations made by others, lending credence to the belief that the Secretariat constantly disregarded the principle of sovereign equality. Her delegation had earlier drawn attention to the need to take into account the different reasons for non-payment by Member States of their assessments; it wondered whether the Secretariat planned, when crediting the surpluses, to penalize more severely those States that withheld their assessments for political reasons.

101. Her delegation shared the Advisory Committee's views concerning the format of peace-keeping budgets (para. 44). She noted that several of the changes proposed by the Secretary-General would involve changes to the Financial Regulations and Rules of the Organization and said that any such changes should be carefully scrutinized by Member States.

102. She drew attention to the need for more equitable geographical representation among personnel, including international contractual personnel, and expressed deep concern at the irregularities in the contractual arrangements relating to UNPROFOR personnel and fully endorsed the recommendation made by the Advisory Committee in paragraph 72 of its report.

103. Noting that the General Assembly had recognized the need to provide protection for United Nations personnel participating in peace-keeping operations, she said that, as the Advisory Committee had pointed out (para. 69), due to the lack of clarity in the subject of contracting, it was not clear whether the Convention on the Privileges and Immunities of the United Nations applied to contractual personnel. Accordingly, she suggested that the Secretariat should take steps to remedy that deficiency. Lastly, her delegation considered that the principle of equality among Member States was not respected in the current arrangements applicable to death and disability benefits for peace-keepers.

AGENDA ITEM 116: FINANCING OF THE UNITED NATIONS PEACE-KEEPING FORCES IN THE MIDDLE EAST

(a) UNITED NATIONS DISENGAGEMENT OBSERVER FORCE

AGENDA ITEM 122: FINANCING OF THE UNITED NATIONS PROTECTION FORCE

AGENDA ITEM 123: FINANCING OF THE UNITED NATIONS OPERATION IN SOMALIA II

104. The CHAIRMAN said that, as the Secretariat was currently operating without official legal authority for three peace-keeping operations, it was necessary to open, on an exceptional basis, agenda items 116 (a), 122 and 123. He drew the Committee's attention to three draft decisions, the text of which had been circulated.

105. Mr. TAKASU (Controller), replying to a question from Mr. JU Kuilin (China), said that the draft decisions contained only financial commitment authority and did not include assessments. They would merely provide a legislative and financial basis for the Secretary-General to continue the three operations at their current level until the Committee was in a position to take a decision on the financing of the operations, including assessment.

106. The Committee decided to recommend to the General Assembly that it authorize the Secretary-General to enter into commitments for the operation of the United Nations Disengagement Observer Force for the period from 1 to 31 December 1994 in the amount of 2,678,000 United States dollars gross (2,594,000 dollars net).

Financing of the United Nations peace-keeping forces in the Middle East: United Nations Disengagement Observer Force

Financing of the United Nations Protection Force

107. The Committee decided to recommend to the General Assembly that it authorize the Secretary-General to enter into commitments for the operation of the United Nations Protection Force for the period from 1 to 31 December 1994 in the amount of 140 million United States dollars gross (138,778,800 dollars net).

Financing of the United Nations Operation in Somalia II

108. The Committee decided to recommend to the General Assembly that it authorize the Secretary-General to enter into commitments for the operation of the United Nations Operation in Somalia II for the period from 1 November to 31 December 1994 in the amount of 105,580,700 United States dollars gross (104,078,200 dollars net).

109. The draft decisions were adopted.

The meeting rose at 7.10 p.m.